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SUBJECT: IRANIAN SOFT POWER IN BASRA: EASY TO SEE; HARD TO GAUGE

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[1](#)B. C) BAGHDAD 366 D) BAGHDAD 2899

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CLASSIFIED BY: John Naland, Leader, PRT Basra, Dept of State.  
REASON: 1.4 (c), (d)

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Introduction/Summary  
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[1](#)1. (C) In examining the scope and depth of Iran's influence in Basra, a nuanced picture emerges. Based on information from Basrawi and international contacts, it appears that Iranian influence here is both overt and covert, direct and indirect, welcome and unwelcome. The most visible form of Iranian influence in Basra is economic. It takes the form of imported Iranian goods, and a growing number of Iranian businesses, whose motives are sometimes suspect. While examples of Iranian soft power are not hard to find (tourism, Iran-sponsored education, training and medical care), their effects are hard to gauge. Iran's efforts to exploit gaps in essential services by providing water and electricity have not had their intended effect. Meanwhile, efforts by the Iranian Consul General in Basra to improve Iran's image have been undercut by his actions, which raised suspicions about him and Iran. Because of lingering resentments, Iran remains a ready scapegoat for a raft of local problems. Despite efforts to re-brand its image, Iran still faces a Basrawi population suspicious of its intentions and seemingly immune to its attempts wield soft power. End summary.

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Economic Influence: Trade and Business  
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[1](#)2. (C) The most visible form of Iranian influence in Basra is economic. One hundred percent of the cargo traffic at the Shalamsha border crossing east of Basra city originates in Iran (Ref A). Iran feeds Basra's demand for industrial and consumer goods. Construction companies routinely source steel rebar, cement, bricks, glass, and ceramics from Iran. Consumers shop Iranian too. Visits to Basra's markets reveal that many of the products being sold are manufactured in Iran. These include appliances, household goods, carpets, and food (fruits, vegetables, and dairy products). Local contacts report that several years ago, Iranian products constituted the vast majority of products for sale. Now, a rising level of imports from Asia and other countries in the region have reduced the Iranian share of products in local shops.

[1](#)3. (C) While informal discussions with shoppers in Basra's markets indicate a general preference for Asian products (especially electronics), there is an appreciation for low-cost Iranian produce. That said, Basrawis are concerned that the abundance of Iranian agricultural produce is hurting local Iraqi farmers. Locals also harbor theories that Iran is deliberately

damming tributaries to the Shaat al-Arab waterway to destroy southern Iraq's agriculture sector. Consumers also grouse that Iranian suppliers "dump" packaged food on the market past the expiration date. Nonetheless, demand for Iranian products remains high. Over the past year, two attempted boycotts of Iranian goods promoted by a local Sunni politician, Awad al-Abdan, formerly head of the southern branch of the Dialogue Front, fell flat.

¶4. (S) Iranian businesses operate openly in Basra. Companies like Persian Green arrange Iraqis' travel to Iran for medical treatment. Others, like Karman (Ref B), construct housing. U.S. military officials here have received unconfirmed reports from local sources that perhaps as many as 21 businesses are Iranian front companies, suspected of housing Iranian intelligence operations and/or funneling money or lethal aid to insurgent operations in Iraq.

¶5. (S) Some local business people see only ill intentions even from legitimate Iranian companies. They suspect that the government of Iran is supporting expansion of Iranian business in Basra to dominate the Basra economy or sectors of it (e.g., construction materials). They see Iran's expansion of economic power as strategic. They believe Iran is seeking to quickly establish a robust presence to minimize investment by other foreign investors, especially Europeans and Americans. For its part, Iran is trying to counter such suspicions. Iranian information operations, according to U.S. military reporting, are promoting Iranian business influence as a positive development for Iraq.

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Soft Power: Expanding but How Effective?  
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¶6. (C) Examples of Iranian soft power are not hard to find; its effectiveness is hard to gauge. Cross-border visits for tourism, education, training, and medical treatment are becoming more common. According to officials at the Shalamsha land port,

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some 90% of people entering Iraq there are tourists (Ref A). Likewise, low transportation costs and simple entry requirements make it easy for Iraqis to visit Iran. A number of Iranian companies in Basra specialize in organizing visits to Iran for tourism or medical treatment. A contact at Basra University noted that Iran provides educational training to Basrawis (Ref C). Recently, local tribal Sheikh Abu Radh told PRT officials that an Iranian delegation had offered to build a medical clinic in his area. The sheikh said he would much prefer the clinic to be built by the GOI or the U.S. instead.

¶7. (S) Some of the PRT's sources are skeptical of increased contacts with Iranians in whatever form they take. They are particularly suspicious of a growing presence of Iranian professionals, especially doctors. Some of our contacts fear that the growing number of Iranian professionals in Basra comes at the expense of Iraqi professionals. A deputy commander of a local Iraqi Army brigade, according to U.S. military sources, shared his suspicions that Iranian-backed militants were targeting Iraqi professionals precisely to create dependence on Iranian professionals. While somewhat far-fetched, such fears do point out a deep-seated distrust of Iranian involvement in Basra and bring into question its effectiveness.

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Other Kinds of Power: Essential Services as Leverage  
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¶8. (C) The government's failure to provide an adequate level of essential services leaves Basrawis frustrated and critical of their leaders. Iran has exploited the situation by trying to use water problems (Ref D) to score public opinion points with Basrawis. Recently Iran publicized its delivery a barge of water to the hard-hit city of Al-Faw. According to the Director General of Water, impurities in the water made it unusable.

Basrawis we questioned had heard of the delivery, but not about the contamination of the water. This isolated Iranian effort is not sufficient to win over the local population. Most Basrawis blame Iran for the water problem, repeating accurate media reports that Iran is damming tributaries that have long fed into the Shaat al-Arab waterway. The drought, Turkey's reduction of water flowing into Iraq, and the GOI's poor management of its water resources are as much to blame. But in Basra, it is Iran that takes the heat.

¶9. (C) Given Iraq's pressing need for electrical power, Iran's ability to export electricity should provide an avenue for commerce and influence. Basrawis are generally aware that Iran provides Basra with electricity; the completion of a transmission line from Khorramshahr, Iran to Basra province was marked with much Iranian-generated fanfare in 2008. In various media interviews, the Iranian Consul General cited the line as evidence of Iran's interest in helping Iraq rebuild.

¶10. (C) The project does not appear to have yielded the positive response Iran expected. Without a noticeable improvement in service, Basrawis now blame Iran as well as their own government for the frequent blackouts. A source inside the Ministry of Electricity confirms that the 200 megawatt line has not performed as expected. Shortly after the line was put into operation, it was shut down by Iran for one month with no explanation. (Note: Presumably, the reason for the shutdown was the significant domestic electricity shortage and resultant blackouts that occurred in Iran in 2008. End note.) Since then, it has operated well below capacity (averaging 132 megawatts), and the supply has been sporadic. Our source cited one day where the flow of electricity was interrupted 11 times. Moreover, the different electrical cycles of the Iranian and Iraqi currents cause problems in feeding Iran's electricity into the Iraqi electrical grid. But the ministry official predicted that the GOI would continue to pay for the electricity until better alternatives became available.

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The Face of Iran: Consul General Baghban  
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¶11. (C) The Iranian Consul General, Mohamed Reza Naseer Baghban, has been very active in Basra since assuming his duties in 2006. He stated in a July 2008 Newsweek interview that he maintains contacts with all the important political parties in Basra, and we hear that he is a fixture at local events. Recently Baghban attended a large Iraqi-Turkish investment conference hosted by the Turkish prime minister and Basra Governor Shiltagh, where he mingled with guests, including the UK Consul General.

¶12. (C) Basra's political elite presumes that Baghban's diplomatic title is merely a cover for intelligence activities. Some of his actions have only served to reinforce this view. In the summer 2008, the Consul General used his influence with certain Basra Provincial Council members to engineer a

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no-confidence vote against then-governor Wa'eli, whose Fadillah party had staked out an anti-Iranian position. The vote failed, but earned Baghban a rebuke from numerous Provincial Council members for interfering in an internal Iraqi matter. Though Baghban recently told the British Consul General that he had been credentialed to observe the January 2009 provincial council elections, all media reports and our political contacts at the time claim he was not. Whatever the truth, his attempts to enter Basra polling stations on election day provoked outrage in the local media and drew sharp criticism from local politicians. Nonetheless, Governor Wa'eli and his Fadillah party were routed in the provincial elections, suggesting that antipathy toward Iran did not trump voter perceptions of the governor's short-comings.

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Comment  
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¶13. (S) Iran's information operations, which the U.S. military reports Iran employs to improve its image in Iraq, are not resonating in Basra. Many Basrawis still harbor resentment against Iran, blaming it for casualties inflicted during the Iran-Iraq war and for its support of militias during the violence prior to the 2008 "Charge of Knights" campaign. Iran remains a ready scapegoat on a raft of other local problems. Locals blame Iran's oil facilities for pollution problems in the Shaat al-Arab waterway. Basrawis pin the trouble they have selling their goods on Iranian businesses dumping goods into the local market. They fault Iran's damming of tributaries for Iraq's water shortage and the decline of Basra's agricultural sector. Perhaps most tellingly, Iran is widely seen as meddling in Iraq's political process -- both nationally and locally. When pressed, average Basrawis cannot always name specific local politicians under Iranian influence, but they state categorically that such influence exists. Individual Basrawis may develop favorable views of Iran because of help received or positive personal experiences in Iran, and shoppers may welcome Iranian goods in the markets. Overall, however, Iran's efforts to re-brand its image appear to have failed thus far. Iran still faces a Basrawi population suspicious of its intentions and seemingly immune to its attempts to wield soft power.

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